

# MAYOR & COUNCIL AGENDA COVER SHEET

**MEETING DATE:**

April 22, 2003

**RESPONSIBLE STAFF:**

Harold Belton  
Director of Finance & Adm.

**AGENDA ITEM:**

(please check one)

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
<input checked="" type="checkbox"/>	Resolution
	Policy Discussion
	Work Session Discussion Item
	Other: Introduction

**PUBLIC HEARING HISTORY:**

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Public Discussion	04/07/03
Record Held Open	
Policy Discussion	

**TITLE:**

A Resolution Levying an Admissions and Amusement Tax on Certain Admissions, and Activities Under the Provisions of Section 4-102 of the Tax-General Article of the Annotated Code of Maryland

**SUPPORTING BACKGROUND:**

Staff is recommending that the Mayor and City Council increase the rate of our Admissions and Amusement Tax from seven percent (7%) to ten percent (10%) for all categories. Currently, coin operated amusement machines are taxed at ten percent (10%) and all other categories are taxed at seven percent (7%).

In FY'02, the City collected \$710,997 in Admissions and Amusement Tax, and it appears that approximately the same amount will be collected in FY'03. The following shows a breakdown of the amounts collected from the nine largest revenue producing categories of Admissions and Amusement Tax during the first two quarters of FY'03:

Motion Pictures	218,608.74
Sales w/Entertainments	26,535.38
Billiards (Non Coin)	9,309.30
Shows, Exhibits	9,302.57
Cover Charges	8,507.10
Athletic Equipment Rental	4,549.58
Amusement Rides	4,311.89
Rental of Boats	2,100.75
Athletic Facilities	1,544.85

Staff estimates that the City will receive an additional \$180,000 in Admissions and Amusement Tax each year if the Council approves the proposed increase. Given the challenging fiscal issues we are facing, staff recommends the increase.

On April 7, 2003, the Mayor and City Council held a public discussion to discuss this proposed Admission and Amusement Tax increase. Since the public discussion, there has been no public comment whatsoever on this issue.

**DESIRED OUTCOME:**

Approve Resolution

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION LEVYING AN ADMISSIONS AND AMUSEMENT  
TAX ON CERTAIN ADMISSIONS, AND ACTIVITIES UNDER THE  
PROVISIONS OF SECTION 4-102 OF THE TAX-GENERAL ARTICLE  
OF THE ANNOTATED CODE OF MARYLAND

WHEREAS, Section 4-102 of the Tax-General Article of the Annotated Code of Maryland (1997 Replacement Volume), entitled, "Authority to Impose Admissions and Amusement Tax," grants authority to the municipal corporations to levy a tax on the gross receipts of every person, firm or corporation obtained from sources within the municipal corporation derived from the amounts charged for certain admissions defined therein; and

WHEREAS, the Mayor and City Council wish to increase the levy to ten percent (10%) after June 30, 2003; and

WHEREAS, the Mayor and City Council wish to exempt from the Admissions and Amusements Tax any levy upon the gross receipts from any municipal government operated or controlled functions, events or activities, or upon the gross receipts derived from the operation or use of any municipal government facility:

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of Gaithersburg, in public meeting assembled, pursuant to the authority granted in said Section 4-102, hereby levies a tax at the rate of ten percent (10%) of the gross receipts derived from any admission and amusement charged in the City of Gaithersburg; except as this rate may be limited by Section 4-105b of the Tax-General Article of the Annotated Code of Maryland, as amended from time to time:

BE IT FURTHER RESOLVED, that the Admissions and Amusements tax shall not be levied upon the gross receipts from any municipal government operated or controlled functions, events or activities, or upon the gross receipts derived from the operation or use of any municipal government facility.

BE IT FURTHER RESOLVED, that the Comptroller be and he hereby is authorized and directed to collect and pay over said tax as provided by Title 4 of the Tax-General Article of the Annotated Code of Maryland.

BE IT FURTHER RESOLVED, that the Comptroller of the State of Maryland be advised of this resolution by April 30, 2003.

ADOPTED by the City Council this 22<sup>nd</sup> day of April, 2003.

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SIDNEY A. KATZ, MAYOR and  
President of the Council

THIS IS TO CERTIFY that the foregoing  
Resolution was adopted by the City Council  
in public meeting assembled on the 22<sup>nd</sup>  
day of April, 2003.

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David B. Humpton, City Manager